

# NEW HAMPSHIRE STATE LIQUOR COMMISSION

## MINUTES OF MEETING – MAY 4, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Randall Avery, Assistant Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services.  
Guests: Al Picconi, United Beverages, Inc.; Michael Gocłowski, Law Warehouses.

### I. FINANCIAL & ADMINISTRATIVE REPORTS

#### 1. Financial Reports

##### A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending May 1, 2005 were up 5.73% or \$349,534, compared with last year's increase of 6.05%. Year-to-date, sales increased by about 6% or \$18,713,217.

##### B. Budget/Administrative Reports:

The Commission's request to transfer \$306,000 is on this morning's Governor and Council agenda. Craig will be attending this meeting.

Envelopes will be distributed to employees within the next several days regarding Charitable Campaign contributions. Presentations will be made to individual bureau departments, if needed. Craig encouraged the other Bureau Chiefs to remind their employees of the many services this charity provides. Donations are deducted automatically through payroll checks.

The Commission and John Bunnell have received copies of a report dated April 24 from Risk Management regarding the warehouse inspection. The report identified a number of areas of concern which were raised previously. Several of these issues need to be addressed by the Commission. There was discussion regarding the possibility of hiring a consultant to assist in pricing the expenses necessary to bring everything up to standard or, alternatively, having a company(s) come in to assess the situation free of charge who would be interested in bidding on an RFP. Al Picconi also suggested consulting some suppliers who manage large warehouses.

Craig thanked the Commission for inviting the Governor to tour headquarters and the warehouse, saying he thought it was a good morale booster for

employees. The issue of direct deposit did come up, and the Governor said he would look into this further.

The current W-6 Expense Budget Activity Variance report shows that the year is about 83.8% expired, with total expenditures at around 81% of the budget. George said he hoped the Governor and Council would approve the transfer for utilities today.

Two auditors from KPMG are still at headquarters, but should be finishing up their work shortly.

2. IT Report

A successful test was performed yesterday with Store #67 Hooksett using dial-up as backup for the network, mainly to run credit cards through. This method will now be employed in nine other stores, which will be completed by Memorial Day. Very minor training procedures are involved. If a problem occurs, IT will instruct the store involved to use the alternate method. Very little down time will be experienced.

Approval has been received from the CIO for IT projects, such as the upgrade to Mapper and other software packages. IT is also asking to purchase a couple of new printers.

3. Human Resources Report

Evie reported that currently there is only one overdue evaluation outstanding.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales for the week ending 5/1/05 increased by 8.04% or \$370,060.05.

The person in charge of KCC has assured Peter that by Friday or Saturday, the new Keene store will be hooked up to the town water supply. Matt Moore from Public Works has also informed him that the floor is being poured this morning.

The opening for the new Center Harbor store has been pushed back due to difficulties in installing the front door. Peter is looking to have product in by next Thursday for an opening of Friday, May 13<sup>th</sup>.

Recommendations will be sent out tomorrow regarding options for the Berlin location. Peter also met with individuals concerning the Store #3 St. Mary's Plaza store in Manchester, and will forward information to the Commission.

2. Purchasing Report

Commissioner Byrne asked for an explanation as to why state stock in the Concord warehouse increased so significantly this week.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Smirnoff Black Cherry Twist Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Smirnoff Black Cherry Twist Vodka, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales.

b. Test Market Request (Chi Chi's Gold Margarita & Mai Tai):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands Ltd. for new test market listings for Chi-Chi's Gold Margarita, 1.75L size (assigned new Code #5514) and Chi-Chi's Mai Tai, 1.75L size (assigned new Code #5513), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales.

c. Test Market Result (Code #5314):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a recommendation to delist Code #5314, Sambuca by Strega, 750ML size, for failure to achieve the required gross profits for both full distribution and specialty item consideration at the conclusion of a six-month test market period be tabled and referred back to Marketing to work out an arrangement with the new supplier/broker which just acquired this product. The motion was unanimously adopted.

2) Recommended Price Reduction Delisted Products (3 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve further price reductions for Code #2840, Signatory Islay, Code #2841, Signatory Lowland and Code #2842, Signatory Highland, 750ML sizes to assist in depleting remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Request (Ketel One Citroen Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Nolet Spirits USA for a line extension to Ketel One Citroen Vodka, 1.75L size (assigned new Code #3495), as this brand in the 750ML size has achieved the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) One Time Buy Requests:

a. Malibu Rum Sampler Kit:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Spirits USA for the Commission to make a one-time purchase of the Malibu Sampler Kit (Malibu Coconut, Mango and Pineapple Rums, 375ML size), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Navan Liqueur:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from United Beverages, Inc./Moet Hennessy USA to make a one-time purchase of Navan Liqueur, 50ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) “Red Tag” Sale Offers:

a. June – 35 items (Martignetti Companies of N.H.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon special purchase allowances for thirty-five (35) spirit items, to be featured on sale during the June 2005 “Red Tag” sale, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. July – 35 items (Martignetti Companies of N.H.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon special purchase allowances for thirty-five (35) spirit items, to be featured on sale during the July 2005 “Red Tag” sale, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) July Special Offers:

- a. 3 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon special purchase allowances for three (3) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 4 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon special purchase allowances for four (4) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 11 unmatched items – M.S. Walker, NH:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, NH, based upon depletions, without matching state funds,

for eleven (11) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 68 unmatched items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for sixty-eight (68) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) N.H. State Liquor Commission Wine Tasting (Easter Seals):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a wine tasting to be held at the Center of New Hampshire to benefit Easter Seals on January 26, 2006 from 6:00 p.m. to 9:00 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for June 2005 (39 items – Martignetti Co.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for thirty-nine (39) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Primary Source Submissions (1 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine item which is imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Tabled Items: Purchase & Display Mazzocco Wines (tabled 4/27/05, Item B-4): Item remained on the table.

**III. ENFORCEMENT & LICENSING REPORTS**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated April 28 through May 4, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. Memorial Day, Monday, May 30, 2005 – Store Openings and Staffing Recommendations:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store hours of operation and staffing for Memorial Day, Monday, Monday 30, 2005, which includes the opening of two additional stores (Store #12 Center Harbor and Store #30 Milford) and an increase in staffing of three employees, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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